CP1414 'Combining LDSO and Embedded LDSOs UMS Inventories on to single LDSO MSID'

Workgroup Meeting 1

15 September 2014

ELEXON

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- Please do not tackle a fire yourself.
- If you hear the alarm, please leave the building immediately.
- Evacuate by the nearest signposted fire exit and walk to the assembly point.
- Please remain with a member of ELEXON staff and await further instructions from a Fire Warden.
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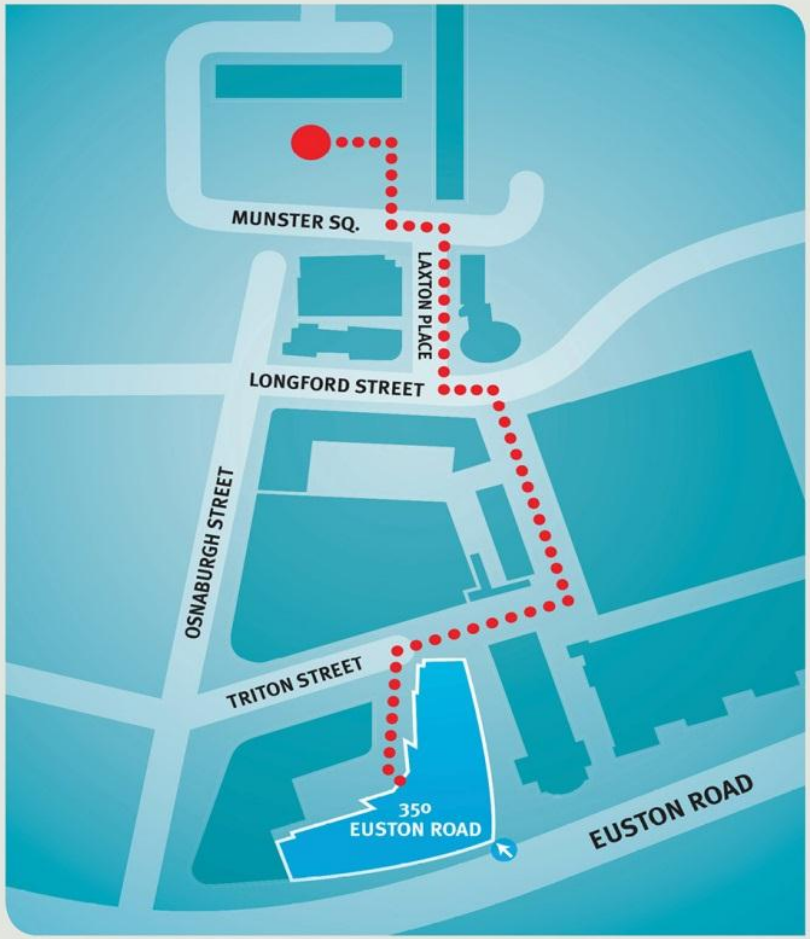

Welcome and Meeting Objectives

Agenda

- Timetable and terms of reference
- Background and overview of CP1414
- Group discussion
  - general views and questions
  - group recommendations
- Next steps

CP1414 progression timetable

Activity	Date
Workgroup Meeting 1	**15 Sep 14**
Submission of CP1414 v2.0	17 Oct 14
CP Consultation	3 – 28 Nov 14
Present Draft Report to SVG	6 Jan 15
BSC Release	25 Jun 15?

Overview of CP1414

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ELEXON

CP 1414 Administration of UMS Connections to IDNO networks

15 Sep 2014

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UMS Connections to IDNO Networks

THE PROBLEM:

- IDNOs required to create multiple MSIDs for the sole purpose of inter-distributor (portfolio) billing.

- As a result, UMS Customers are incurring significant additional costs (both DUOS and internal admin costs).

- Each distributor operating in the customer's area, could be required to provide a suite of MPANs for each network level and then for each different 'switch regime' e.g. dusk till dawn, continuous

7 X	4 X	7	= 196
Network Levels	UMS Operations hour bands	LDNOs (host plus SSE plus 5 IDNOs)	Maximum no. of MPANs

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UMS Connections to IDNO Networks

THE PROBLEM:

- Although 180 MSIDs are unlikely, even for just 2 or 3 additional MSIDs, if the UMS MSID is Pseudo HH, the UMS customer will likely pay substantial additional MA costs for each MSID.

- The result? Many UMS customers are not following industry processes by adding IDNO inventories to their current Host DNO MSID or they are contracting with Suppliers for IDNO UMS MSIDs at increased unit rates.

- **IMPACT: Settlement is adversely impacted by Customers not registering UMS traded on IDNO networks.**

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UMS Connections to IDNO Networks

Currently UMS Customers:

- Attempt to contract with their preferred supplier – but cannot contract the same rates for the new MSID;
- Incur substantial extra MA costs for each Pseudo-HH UMS MSIDs;
- Sometimes Suppliers will not take on the new MSID, due to low consumption
  - Leads to the customer not able to contract with Suppliers for IDNO MSID and therefore UMS unregistered extraction from the IDNO network (and therefore Host LDSO network);
- Add IDNO inventory to Host LDSO MSID (both intentionally and accidentally) and Host LDSO erroneously collects the IDNO revenue.

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IMPACT: Settlement is adversely impacted

- Even if industry processes are successfully followed, for those UMS customers who are able to register a Supplier against the IDNO MSID, the EACs being so small for a typical IDNO network, it does not appear in the MWh field in the daily D0030 settlements flow e.g.
  - Network of 10 streetlights with EACs of 1171 kWh
  - Daily EACs is therefore 3.21 kWh
  - Daily D0030 settlement flow is measured in MWh therefore 3.21 kWh does not appear on 3 decimal place (0.003)21 MWh field.
- Result – Supplier is charged zero DUoS, and therefore no DUoS recovered by IDNO nor the Host LDSO.

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UMS Connections to IDNO Networks

WAY FORWARD:

CONSEQUENCES OF DOING NOTHING

- affects competition in the market as UMS customers are refusing to adopt IDNO networks with street light connections. By refusing to allow change from status quo DNOs are distorting competition
- Settlements impacted (MWh issue and non-registration of IDNO UMS MSIDs).
- DUoS unrecovered is respect of the use of IDNO and Host LDSO networks
- Bad for UMS customers as they are exposed to disproportionate extra costs to allow inter-distributor billing

SOLUTION:

- Remove requirement to identify POC voltages in UMS MSIDs – currently a change proposal going through DCUSA to achieve this (DCP203) to achieve but still does not resolve the additional admin charges for Customers particularly with regard to Pseudo HH UMS.
- Enable UMS Customer to combine IDNO inventory on to Host LDSO MSID.

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UMS Connections to IDNO Networks

BENEFITS:

- No adverse impact on Settlements – in fact improves accuracy by removing the MWh issue
- Puts governance around a practice that is already happening (both accidentally and intentionally) where the UMS customer is adding IDNO inventory to LSDO MSID.
- Allows UMS customer to keep their contracted rates with their preferred supplier
- Reduces MA and admin costs for Customer
- Removes the current barrier in competition in connections.

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UMS Connections to IDNO Networks

CONCERNS RAISED TO DATE BY HOST LDSO

- How will the Host DNO be able to validate the IDNO's UMS inventory?
  - The obligation to validate the inventory will remain with the UMS Customer and the IDNO (via the Connection Agreement [CA]). CA required as IDNO inventories will not be covered by CA between Host LDSO and UMS Customer. IDNOs will modify the NTCs
  - IDNOs will also modify the DCUSA to make the validation of UMS inventory connected to the IDNO network a condition to remain connected to the host LDSO.
  - At the time of S38 adoption the UMS Customer verifies and adopts the IDNO inventory .
  - UMS Customer adds IDNO inventory to Host DNO MSID.
  - IDNO can validate inventory at the time of S38 completion and provide EACs certificate (usually transferred from the developer's MSID).

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UMS Connections to IDNO Networks

CONCERNS RAISED TO DATE BY HOST LDSO

- How will the Host DNO audit the IDNO's UMS inventory?
  - The obligation to audit and maintain the inventory will continue to be the responsibility of the IDNO and UMS Customer.

- How will the UMS customer be able to differentiate the IDNO inventory from the Host DNO inventory when it comes to responding to faults?
  - Obligation will be placed on Customer via the Connection Agreement to differentiate between the IDNO and LDNO connections.
  - UMS customers already has the ability to split inventories on their internal systems , particularly where the customer cross-borders Host DNOs currently
  - IDNO will place ownership labels on all of their UMS cut-outs (this could be specified in the DCUSA)
  - ER G88 allows for IDNO/Host LDSO to work on each other's networks if called out in error and the associated charges applied. In the longer term it is likely that DNOs will provide emergency response on behalf of IDNOs at a commercial rate.

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UMS Connections to IDNO Networks

CONCERNS RAISED TO DATE BY HOST LDSO

- How will the IDNO recover the DUoS for its connected inventory?
  - This can be governed by additional clauses in the DCUSA (Portfolio Billing) by adding a clause similar to the 'Nested Networks' clause 1.1 – giving the IDNO the opportunity to collect the revenue or not ("unless the [IDNO] notifies the [Host DNO] otherwise, [UMS DUoS will be recovered by…….".
  - IDNO then submits report to DNO (similar to the HH report for Portfolio Billing] on an agreed timescale.
  - IDNOs will raise a DCUSA CP to address this issue

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CONCERNS RAISED TO DATE BY HOST LDSO

- Is this against the principles of the BSC – shouldn't settlement be on the correct MPAN?
  - Given the fact that customer are already trading IDNO inventory on host LDSO MSIDs this argument is somewhat redundant as to do nothing diminishes Settlements

- How does it work for the Host DNOs reporting distributed units?
  - IDNO Distributed units can be netted off the DNO figures, this argument was also made a reason to maintain boundary metering but was overcome by portfolio billing, a similar approach will address this issue for UMS

- Customers will 'blur' who owns the network
  - This issue will be addressed through changes in the connection agreement between the customer and the IDNO

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UMS Connections to IDNO Networks

CONCERNS RAISED TO DATE BY HOST LDSO

- Process for liaison between IDNOs and DNOs needed
  - This will be set out in the DCUSA and BSCP520

- RIIO introduced losses incentive through License Condition 49. Could this change proposal reduce the validation of losses?

  - The same problem exists when there is no meter at the boundary between the DNO and IDNO network. This issue has already been addressed for metered IDNO customers through portfolio billing and a similar approach can be taken here. IDNOs will ensure that DCUSA CP on portfolio billing places and obligation on IDNOs to report UMS consumption to the host LDSO even where such consumption is de minimis and the IDNO has opted not to invoice the host LDSO for their share of the DUOS.

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Next Steps

CP1414 next steps

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